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The House
that
Morgan Built

J.P. Morgan

Friends of Financial History

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EDITORIAL

This issue marks the continued expansion of "Friends of Financial History." It is the first publication originating from our new offices overlooking historic Bowling Green at the lower tip of Manhattan. The colorful area has been teeming with excitement since the earliest days of New York. Within our gaze, angry colonists once pulled down the equestrian statue of their oppressive king, George III. George Washington made his headquarters across the street, and his presence is recalled in many of the neighborhood sites. Today, a private entrance leads up a flight of marble steps to our new offices where there is more space than ever before for viewing certificates, autographs, checks, books for collectors, photographs and ephemera of many subjects. Smythe's special library of financial reference books used by the firm to research and evaluate old certificates for their actual market value is located here. The new facilities have filled us with optimism

and exhilaration which are reflected in our broadening horizons and dedication to increased service.

"Friends" 12 is comprised of two sections, a thirty-two page magazine and a forty page price list—our most ambitious edition. This progress emphasizes the increased participation by dealers and collectors throughout the world. In recent issues we have welcomed several new contributors, featuring articles by William C. McAuliffe, Jr., Teresa Farrell, Shelby Applegate, Geoffrey H. Metzger, Larry Bogers, Brian Mills and other authorities. Contributions of articles, reports, announcements and photographs are always encouraged so that our readers may share your enthusiasm and knowledge. The price listings and advertising columns of "Friends" were created to provide an effective marketplace for dealers and collectors. You are cordially invited to become part of "Friends" by participating in these active sections.



Bowling Green—1830

The House that Morgan Built

by Ira Unschuld

The 19th century brought about major changes in many aspects of American life. In the economy, the increasing importance of the corporation brought with it the rise of a new power group, the investment banker. John Pierpont Morgan was one of the most powerful and prominent of these new entrepreneurs.

J. P. Morgan was born April 17, 1837, into a wealthy and prominent family. His grandfather had founded the family fortune through investments in the Aetna Insurance Co., and Morgan's father greatly increased the fortune through his activities as a partner in George Peabody & Co., one of the leading banking firms in London. Morgan began his long and illustrious business career in 1857 as a clerk for Peabody's American correspondents Duncan Sherman & Co. From that point on, Morgan's career progressed rapidly and by 1864 he was a partner in the N.Y. firm of Dabney, Morgan & Co.

In 1864, Morgan received his first test as an investment banker. Charles Ramsey, the President of the Albany & Susquehanna Railroad, asked Morgan to help him thwart Jay Gould who was attempting to take over the Albany & Susquehanna. Gould was then wrecking the Erie, and wanted to control the A & S to enable him to connect the Erie with several other railroads. A vicious battle ensued, and there was great chaos. Gould was finally vanquished when New York's highest court upheld Morgan's plan to lease the Albany & Susquehanna to the Delaware and Hudson Canal Co. Leasing the road was an especially brilliant move, for in addition to keeping the road out of the hands of Gould, the rental payments were almost twice the road's operating profits.

Morgan's defeat of Gould greatly increased his prestige, and by 1879 his reputation was such that William Vanderbilt hired Drexel, Morgan & Co., which had been formed in 1871, to sell some of his vast holdings in the New York Central. Vanderbilt had aroused much public indignation and there was talk of heavy taxation of the road or even a public takeover. The stock could not be sold in America, for such a large sale would depress security values and, because it was a market leader, possibly even cause a panic. Therefore, Morgan formed a syndicate to place 250,000 shares of Central stock in England. As one of the conditions of the sale, Morgan was given a seat on the Board of Directors to represent the English shareholders. In addition, the dividend had to be maintained at 8% for the next five years. Thus began Morgan's influence over the New York Central, one of the nation's most important railroads.

A major part of Morgan's business philosophy was "consolidation and community interest." Morgan felt that railroads should not engage in cut-throat competition which he regarded as wasteful, but rather that they should unite whenever possible. At the very least, they should cooperate in order to maximize their profits. The decade of the 1880's saw Morgan working to put this philosophy into practice.

In 1880, Jay Gould and George Pullman planned to attack the New York Central by building the West Shore Railroad parallel to it. The West Shore began operating in 1883 and immediately began a rate war with the New York Central, thus causing the earnings of both roads to plummet. The West Shore was doing even worse than the Central, however, and the President of the Central's main competitor, the Pennsylvania, began to buy the first mortgage bonds of the West Shore. In response, the Central led a syndicate which began to build the South Pennsylvania Railroad parallel to the existing Pennsylvania road. Morgan got both sides together and persuaded them to adopt his plan: the Central would purchase the now defunct West Shore R.R. while the Pennsylvania would take over the incomplete South Pennsylvania.



C.B. & Q.

At the same time he was urging successful railroads to engage in cooperation rather than competition, Morgan became involved in reorganizing bankrupt railroads. A railroad reorganization can be considered a "pruning process" in which interest charges are lessened by exchanging existing bonds for new ones with a lower coupon. Often there would be an assessment on the stock in order to put the road in a sound financial position. Having done this, Morgan then would retain control of the road through a voting trust. This control was an integral part of a Morgan reorganization for it allowed him to prevent the abuses which had previously led to bankruptcy. As he said, "during the infancy of a corporation, or in its incipency, a voting trust is necessary for the protection of property."¹

One of Morgan's most successful reorganizations, the transformation of the Richmond Terminal System into the Southern Railway, is a good example of his work.

The Richmond Terminal System was the major railroad of the South, and had four major components. Three of these, The Richmond Terminal Co., The Richmond & Danville and the East Tennessee, were reorganized by Morgan. Shareholders in these companies were assessed from \$3.00 to \$12.00 a share, raising \$11,450,000; further, bonds sold at 85% brought in another \$8,000,000. This money was used to pay off receivers' notes, retire the floating debt and pay for new construction. The reorganization also reduced fixed charges from \$10,500,000 to \$6,789,100. Then a 5 year voting trust was created. For its work in creating the now solvent Southern Railway Co., Drexel, Morgan & Co. received \$100,000 in cash and 5,000 shares of stock.

While much of Morgan's time in the 1890's was taken up with the railroads and later with industrial consolidations, in 1895 Morgan played an instrumental role in keeping the United States on the gold standard and thus avoiding a financial crisis. In 1890, the Sherman Compromise bill was passed directing the treasury to purchase 4,500,000 ounces of silver per month in exchange for U.S. Notes, redeemable in silver or gold. A glut of silver developed and its value in relation to gold fell. Many people tried to profit from this situation by exchanging silver for U.S. Notes and then exchanging notes for gold. Though the Sherman Compromise was repealed in 1893, the Treasury had already lost \$50,000,000. At the same time, many Europeans were liquidating their investments in the U.S., causing a further drain of gold from the Treasury. The government twice borrowed \$50,000,000 in gold to replenish the reserves but all to no avail.

In February of 1895, J.P. Morgan and August Belmont Jr., the American representative of the Rothschild interests in London, met with President Cleveland to discuss the shrinking gold reserves. Cleveland had wanted Congress to pass a measure to relieve the crisis but since the gold

reserves had fallen below the amount of the notes that were expected to be redeemed the very next day, he used an obscure section of the Revised Statutes to purchase enough gold to shore up the reserves. Morgan and Belmont agreed to sell the government 3,500,000 ounces of gold worth \$65,116,244. At least half of this gold was to come from abroad, and in addition Morgan and Belmont promised to "exert all financial influence and to make all legitimate efforts to protect the Treasury of the United States against the withdrawal of gold."² This ended the crisis and gradually gold returned to the Treasury and the situation returned to normal.

Morgan went on to undertake a number of industrial consolidations culminating in 1901 with the formation of U.S. Steel. Morgan first became involved in the steel industry in 1898 when he consolidated several steel companies into the Federal Steel Co. This company was a very large producer, second only to the mammoth Carnegie Steel Co. Carnegie Steel was the most important producer in America, with extensive coke holdings, ore leases, and the most efficient steel plants. The major owner of Carnegie Steel, Andrew Carnegie, wanted to sell out and retire, but he couldn't find a buyer willing to pay his price.

In 1900, the major steel companies were moving toward independence of the Carnegie Co. as they began to cancel orders for raw steel from Carnegie. These cancellations caused Andrew Carnegie to threaten to build competing plants which would have ruined his vastly overcapitalized competitors. The promoters of the other steel companies had two options: they could concede to Carnegie and continue to purchase raw steel from him, or they could form a steel trust. Charles Schwab of Carnegie Steel finally convinced Morgan to buy Carnegie out and merge the Carnegie Steel Co. with the other major steel companies, thus forming the United States Steel Co.

When the U.S. Steel Co. was formed, it was the first billion dollar corporation in the country. Soon after the formation of U.S. Steel, Morgan became involved with Edward H. Harriman and the North-



Photo outside J. P. Morgan & Co. offices during panic of 1907.



New York, Ontario and Western Railway Company, preferred stock, ABN.

ern Pacific corner of 1901. In the 1890's, Harriman, along with Jacob Schiff of Kuhn, Loeb & Co. had reorganized the Union Pacific Railroad, and by 1900 had built it into a very powerful system. Morgan, along with James J. Hill, controlled the Northern Pacific and Great Northern Railroads which he had successfully reorganized. In 1901, Harriman and Schiff fought a tremendous battle against Morgan and Hill for control of the Northern Pacific. This battle had its roots in the control of the Chicago, Burlington and Quincy.

In 1894, Harriman offered to purchase the Chicago, Burlington and Quincy because it would give the Union Pacific an entrance into Chicago while allowing it to eliminate a competitor. His offer was refused. J. P. Morgan also wanted to obtain control of the Chicago, Burlington and Quincy because such control would allow him to form a transcontinental railroad system. Thus the Northern Pacific and the Great Northern each purchased 50% of the stock of the Chicago, Burlington and Quincy. Harriman asked to purchase one third of the road but this request was rejected by Morgan. Harriman then decided to attempt to get control of the Chicago, Burlington and Quincy by wresting control of the Northern Pacific from Morgan and Hill.

The Northern Pacific had \$155,000,000 worth of common and preferred stock outstanding. Both classes could vote in shareholder elections but the Board of Directors could retire the preferred stock on January 1st. Harriman estimated that Morgan and his allies held \$35,000,000 of the stock outstanding and felt that he could purchase control of the Northern Pacific on the open market.

Harriman's plan initially was very successful, for he was able to obtain 250,000 shares of stock without driving the price of the stock up significantly. In fact, Morgan and his allies were so unsuspecting that they even sold some of their own stock to Harriman's agents. Harriman made an error, however, in purchasing more of the preferred stock than the all important common stock. Even though he had a majority of the total stock outstanding, the Morgan-controlled Board of Directors could retire

the preferred stock and eliminate his majority. Before Harriman could purchase a majority of the common stock, Hill realized what was happening and got permission from Morgan, who was then in Europe, to purchase more stock. Harriman had \$37,000,000 in common stock of the Northern Pacific and he wanted to buy more. The short Saturday session frustrated his plan, and by Monday, the market had been cornered with Morgan retaining control.

Upon his return, Morgan formed the Northern Securities Co. which acquired the Northern Pacific and Great Northern. This company's size protected Morgan's control of the two railroads while giving Harriman representation on the Board of Directors. In 1904, the Supreme Court ordered the Northern Securities Co. dissolved for violating the Sherman Antitrust Act and its shareholders received stock in both the Great Northern and Northern Pacific Railroads.

The panic of 1907 marked the peak of Morgan's power and prestige, for it was then that Morgan, acting as a one-man Federal Reserve, was able to end the panic and prevent a devastating economic crisis. Prior to 1907, the nation was experiencing an economic boom but in the first few months of 1907, conditions began to turn bad. The panic did not begin in earnest until October.

In October 1907, F. Augustus Heinze and Charles Morse, speculators in control of the Mercantile National Bank, unsuccessfully attempted to corner the market in United Copper stock. On October 16, rumors that the Knickerbocker Trust Co. was involved in Heinze's speculation began to spread. When the National Bank of Commerce informed the Clearing House that it would no longer clear Knickerbocker Trust Co. checks, long lines of depositors formed outside the Knickerbocker Trust Co. and the next day it was forced to close its doors.

In an interview that night, Morgan's partner George Perkins stated that the Trust Company of America was in trouble but it would be helped. The next day lines began to form outside the bank. After determining that the company was solvent, Morgan said, "then this is the place to stop the trouble."³ Morgan

asked the more solvent trust companies to assist the Trust Co. of America but they refused, forcing Morgan to turn to the government for assistance.

President Roosevelt sent Treasury Secretary Cortelyou to New York with instructions to aid Morgan. He was also given the authority to deposit government money in the banks. Morgan had Cortelyou deposit \$35,000,000 in New York banks and that money was then lent to the beleaguered Trust Company of America. People then began to hoard money and so money became very scarce. The New York Stock Exchange almost closed early because of a lack of money for stock purchases, but Morgan arranged a \$27,000,000 pool to lend money to brokers and thus keep the exchange open. Still not enough, Morgan had the Clearing House issue \$13,000,000 in Clearing House Certificates to lend to the stock-brokers. Morgan then arranged for U.S. Steel to purchase the Tennessee Coal & Iron Co., an advantageous purchase which kept the brokerage firm of Moore & Schley afloat and so kept the panic from

worsening. After this, Morgan had the stronger trust companies contribute to a \$25,000,000 pool to aid the weaker companies. This proved to be enough to stem the tide and gradually money went back to the trust companies and banks; the Clearing House Certificates were redeemed, and the panic ended.

J.P. Morgan died in Rome on March 31, 1913, leaving an estate which was officially valued at \$72,465,975. He is remembered as a stunning example of the rugged individual of Wall Street. Through his railroad reorganizations, he greatly aided the railroad industry and at the same time, helped to maintain investor confidence in America. By his actions in the gold crisis, he preserved confidence in America and protected the credit of the government. During the panic of 1907, he saved millions of dollars for the depositors of the trust companies, while staving off a potentially devastating economic collapse. He was the outstanding figure of his day, and his name remains on Wall Street today in the Morgan Guaranty Bank and Morgan, Stanley & Co.

Ira Unschild lives in the Bronx, in New York City, and is attending Cornell University for the summer. His interest in business history led to research of J. Pierpont Morgan, one of the great financiers, who contributed to the economic stability of America while accumulating great wealth himself. This article portrays an interesting historical viewpoint of Morgan's financial career and success.

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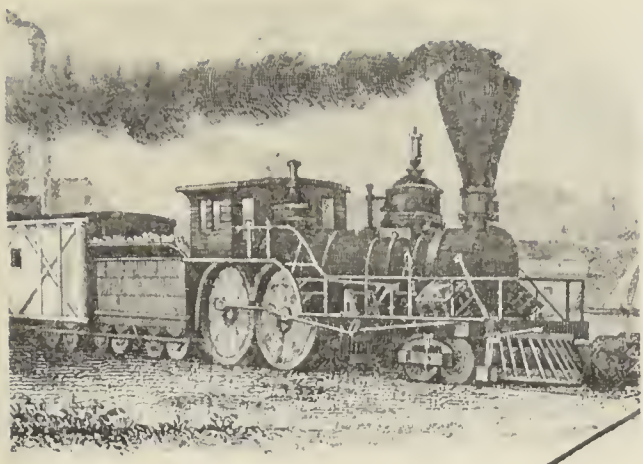
¹Investigation of Financial and Monetary Conditions in the United States Under House Resolutions Nos. 429 and 504 Before a Subcommittee of the Committee on Banking and Currency, (1913), p. 1046.

²Edwin Hoyt, *The House of Morgan*, (NY, 1930), p. 229.

³George Wheeler, *Pierpont Morgan & Friends*, (Englewood Cliffs, 1973), pp. 269-73.



Bankers and Brokers Association, 1875, N.Y. Lithographing, Engraving & Printing Co., only known picture of NYSE on a certificate.



The Staten Island Railway

The Staten Island Railway Company was chartered on October 18, 1851 and the road was completed in 1858. It was built to transport people a distance of thirteen miles—from Vanderbilt Landing, where the ferry from Manhattan arrived, to Tottenville, one of the main residential areas on Staten Island.

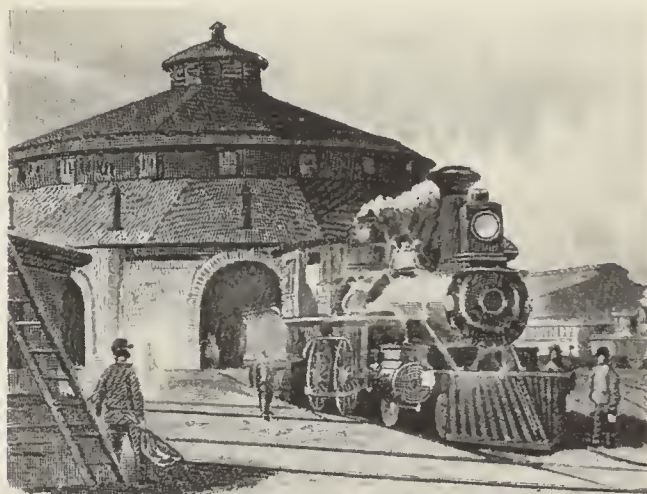
The railroad owned three locomotive engines and eight passenger cars. Jacob H. Vanderbilt was the company's first president. Unfortunately, under his guidance the company did not prosper, and it was placed in the hands of William H. Vanderbilt as receiver in July 1861.

William H. Vanderbilt proved to be energetic and resourceful in his attempts to reorganize this small railroad. By 1864 he had paid off the debt, and was increasing the company's equity by buying steamboats and landings for ferries. However, William H. Vanderbilt's optimism in the potential success of this line was short-lived. In July 1871 the company was declared bankrupt and the property was sold under foreclosure. Thirteen years later, In 1884, the company was once again reorganized and then leased for ninety nine years to the Staten Island Rapid Transit Railroad Company.

The Missouri, Kansas & Texas

The Missouri, Kansas and Texas Railway Company, better known as the Katy, was chartered on September 25, 1865. In 1870 it consolidated with the Labette & Sedalia Railroad and the Neosho Valley & Holden Railroad. By 1873, the railroad was operating 1,087 pieces of rolling stock over 643 miles of track. Under the direction of its flamboyant chief, Jay Gould, the architect of the Black Friday Episode, the Katy embarked on an ambitious program of expansion, absorbing or breaking all of its regional competitors. It soon dominated rail transportation in the mid-west, operating well over 3,000 miles of track directly or through proprietary companies and trackage rights.

The Missouri, Kansas and Texas like most other railways, however, did eventually reorganize in the early part of the 20th century, as a result of bankruptcy and receivership. Fortunately, this fine railway was able to retain its name and identity, and still continues to be an important factor in mid-western transportation.



Roundhouse vignette, brown, 10 share certificate engraved by American Bank Note, circa 1906.

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R. M. Smythe & Co. is proud to publish a distinguished paper on an engrossing chapter of American financial history written by Teresa Farrell, a student of Pace University, New York. Publication in "Friends of Financial History," which carries a cash award of \$300, is an honor program underwritten by the 100 year old Smythe organization. Grants are made to universities as part of a continuing program created by Diana and John Herzog in an effort to reward undergraduate research and further understanding of America's rich and inspiring financial heritage.

The Origins and Destiny of the Second Bank of the United States

CONCLUSION

continued from "Friends" No. 11

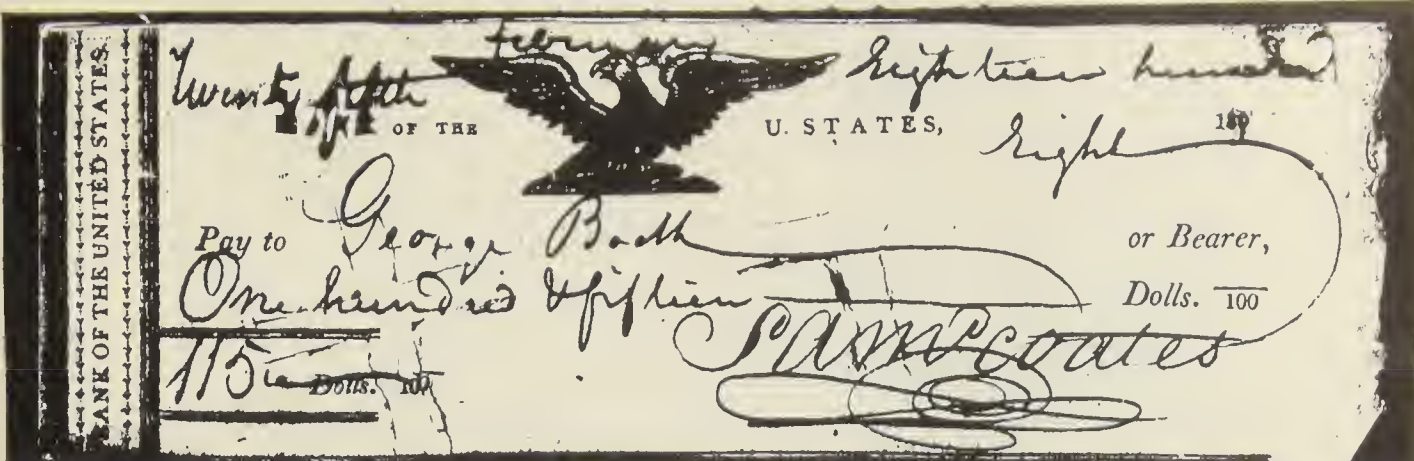
Henry Clay was nominated for President in December 1831 by anti-Jackson forces. It is generally regarded that Clay was responsible for the entrance of the Bank into political affairs in 1832. This is somewhat true; he did think that instead of waiting until after the election an immediate application be made for the dreaded issue of the rechartering of the Bank. The charter was due to expire in 1836, but by all appearances Jackson had no intention of renewing it. Biddle was worried and it was he who gave Clay the go ahead to use the issue of the Bank on his campaign platform. The National Republicans at the Baltimore convention placed the Bank in their platform praising it as a "great and beneficial institution." They claimed that Jackson would not renew its charter and would replace it with the substitute he already proposed. Favorable publicity was arranged. Bank officers and friends organized for the purpose of exerting pressure on Congress. In January 1832 a fight on the floor of the Senate and the House of Representatives began. On March 13 the recharter bill came before the Senate; the bill was vetoed on July 10—it was not a great surprise. Biddle had some qualms about the Bank entering the political arena but he thought of Jackson as somewhat of an anarchist and therefore considered it his duty to fight for what he thought was best for the people.

Despite all of the accusations leveled against the Bank, it is instructive to note that when a choice had to be made between banking or politics the Bank followed the course dictated by banking. We can see by the operations of the Bank how this was so. In 1831 bills discounted on personal security increased by about sixty percent. This shows how the Bank, in order to obtain support for their cause, readily approved loans. But by 1832 the directors of the Bank agreed that the branches should contract their business and remit funds to where they were most needed for redemption of the public debt. The reduced loans on personal security constituted the loan reductions in the first half of 1832. Customers who had been borrowing on personal security were asked to put up about two millions of collateral for their loans. This does not seem like the Bank was guided by political motives, for this request was hardly

popular. Also at a time when it needed friends and support it decreased its credits to individuals. It increased its holdings of domestic bills of exchange, which was very impersonal. There was nothing to be gained politically from this, but the Bank wanted its resources readily available and in the most liquid interest-bearing form available to it. At this point the Bank's standing was extraordinarily high. In February 1832 the U.S. representative of Baring Brothers & Co. (the most important British Banking House), T.W. Ward believed the Bank should be rechartered: "The Bank is in the main well conducted." He added that Biddle was "an able man." This was high praise coming from Ward.

After the bill for recharter of the Bank was vetoed, the anti-Jackson forces were happy. The veto gave them an opportunity to rouse the nation before the election. They were convinced that the majority of the public held their sentiments. They circulated 30,000 copies of the veto as a campaign document. The whole election campaign was run on the issue of the Bank. It was soon evident that the veto, instead of providing a congressional majority of two-thirds for the Bank, had lifted Jackson to the summit of popularity. Jackson was triumphantly reelected to the Presidency in November 1832. He interpreted this as distinct approval of his stand on the Bank question and as a mandate to complete what he had begun. He longed, he said, "for retirement, and repose on the Hermitage. But until I can strangle his hydra of corruption, the Bank, I will not shrink from my duty on part."¹⁶ Within about one year he almost completely divorced the government from the Bank.

Jackson recommended in 1832 that there be an investigation by Congress to determine whether it was safe to leave the public funds in the Bank. He was determined to deprive the Bank of the government deposits. He had two reasons for this: first, they were not safe in the Bank and secondly, that if they remained in its custody they would be used to bribe the members of Congress to pass recharter. While Jackson was making enquiries on how the Removal of the deposits from the Bank could be done the pro-Bank group worked hard to gain a recharter. During this period the anta

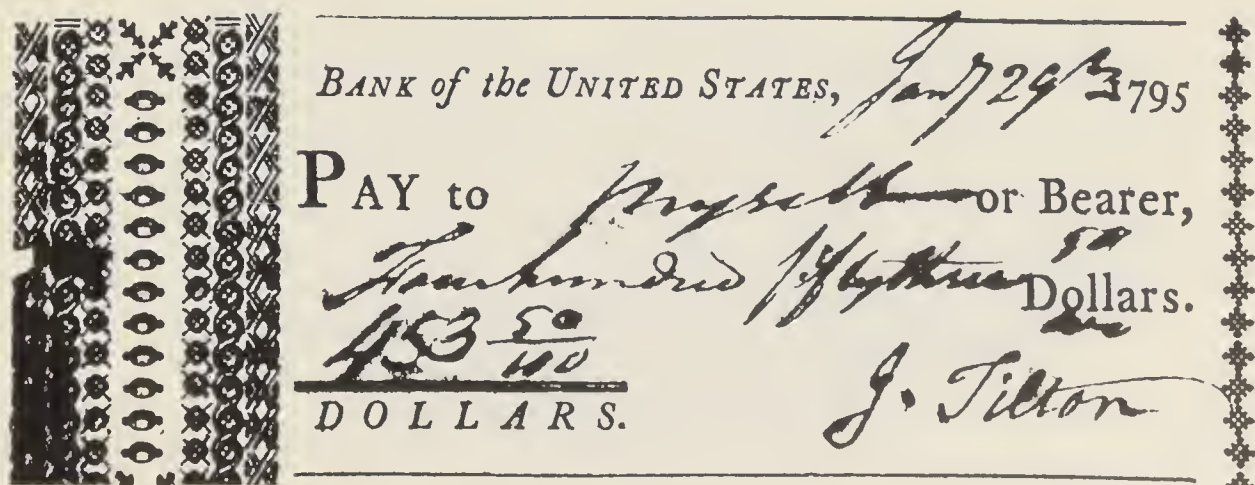


Early check of Bank of United States signed by Samuel Coates, prominent Philadelphia merchant and philanthropist. Director of the Bank. President of the Board of Pennsylvania Hospital.

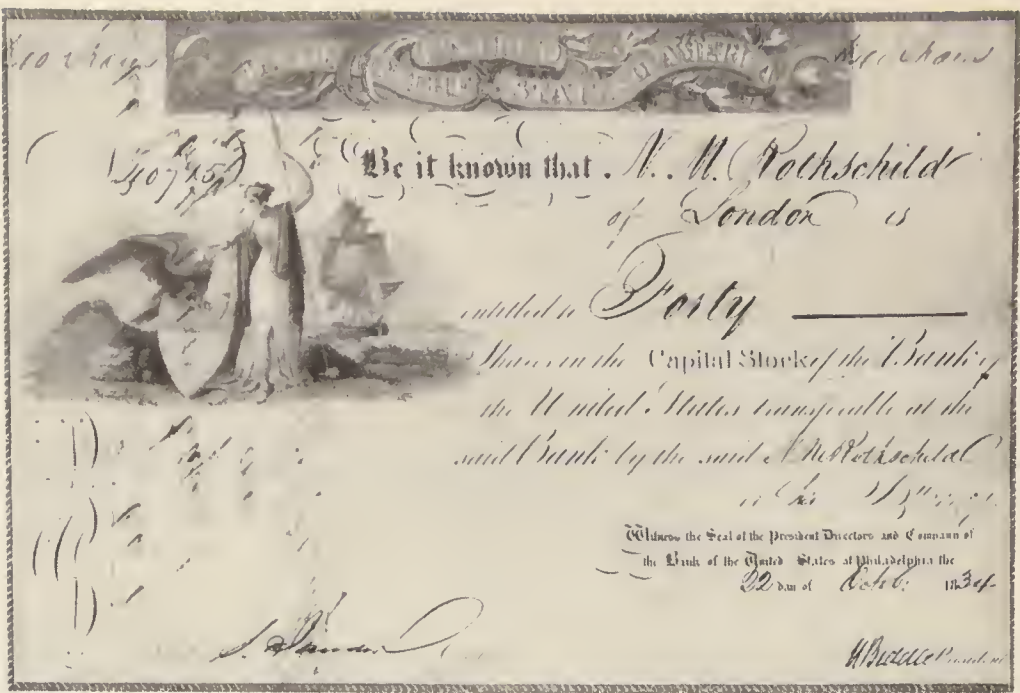
gonism between Biddle and the administration became very intense. Two incidents occurred which aggravated the whole situation. The first incident concerned the retirement of the last of the three per cent Revolutionary debt, which was held mostly abroad. Biddle thought the repayment inadvisable as he felt that during the present cholera epidemic, the Bank should keep enough cash resources to prevent financial difficulty. Without consulting the Treasury he arranged with the Barings for an extension of the debt, and pledged itself to meet future interest payments. McLane, Secretary of the Treasury, considered this as a violation of the Bank's charter—it was as if the Bank had secured government stock. Jackson was furious as the Bank had acted as though it called the shots in the United States. The second incident occurred in February 1833. The government, through the Bank, drew a draft on the French government for nearly \$1 million in claims for damages from the Napoleonic Wars. When the French government refused to accept it, Biddle submitted a bill to the Treasury for the costs of the unsuccessful attempt at collection plus fifteen per cent damages to which he claimed the Bank was entitled under a Statute of the District of Columbia. McLane refused to pay and Biddle withheld part of the dividends due on the government's bank stock. The case was taken to court and eventually in 1847 it was held the Bank was not entitled to damages. Meanwhile, Jackson recommended an investigation on the Bank's solvency. Again the majority of the House Ways and Means Committee favored the Bank.

Jackson was more determined than ever to remove the government deposits from the Bank. McLane was transferred from being Secretary of the Treasury to being Secretary of State; he had taken a decided stand on the removal of the deposits. In order for Jackson to have the deposits removed, the Secretary of the Treasury had to approve and give good reasons to Congress why this should be done. McLane was replaced by W.J. Duane who took office in January 1833 demonstrating that the removal had been determined even as early as this. Duane was contacted several times and told that the deposits were to be removed. On June 3 Jackson personally communicated his intentions to Duane. To the President's surprise, Duane was unwilling to order the removal. He argued vigorously against the President and promised to resign if the President would not relent. Jackson thereupon sent to the state banks to see if they were willing to take the government deposits on favorable terms. The mission was a failure and if carried out would be certain to cause fiscal chaos in the country. On September 18 Jackson read his famous "paper" to the cabinet in which he gave his reasons for the removal and assumed full responsibility. Duane recalled his promise to resign and wrote many letters to Jackson asking him to reconsider. Jackson returned all letters and answered him saying "I feel myself constrained to notify you that your further services as Secretary of the Treasury are no longer required."

Biddle, meanwhile, was kept well informed of these events. In August 1833 he, in the hope still of securing a rechar-



Early check of the Bank of U.S. signed by James Tilton, prominent Revolutionary War surgeon, member of Continental Congress.



Bank of the United States, signed by Nicholas Biddle, President, issued to Nathan Mayer Rothschild.

ter, "began to contract credit severely. Within the year, he reduced discounts and exchange by over twenty per cent and outstanding state bank balances from \$2.2 million to \$500,000. Simultaneously, the Bank's specie holdings increased to a record level."¹⁷ This action cost him much former support and did not cause Jackson to rethink the whole issue. On September 26, 1833 Taney, the new Secretary of the Treasury, issued instructions to the collectors of the public revenue at Philadelphia, New York, Boston, and Baltimore to cease to use the Bank as a depository on and after October 1. The Bank's stock declined immediately 1½ per cent. Ironically, the deposits were not actually removed. Thus the administration hoped to deprive the directors of the Bank of an excuse for contracting their business. It had little effect. The government withheld further deposits and placed them in state 'pet' banks, as they were called. Concurrently these deposits still in the Bank were gradually withdrawn in the regular course of business. The Bank retaliated by increasing the contraction already begun. Many critics of the Bank noted that Biddle began contraction of credit before the deposits were removed but he was justified in doing so insofar as he had assurance that the deposits would probably be removed in any event—he felt caution was desir-

able. But the contraction should have gone only so far until the Bank's own safety was assured and no further. The panic of 1833-34 resulted from both the actions of Biddle and the Executive. The economy was dealt a tremendous blow by Biddles' policies and it was seen just how strong the Bank really was. Circulation was reduced \$3,200,000 from the first of August 1833 to the first of October 1834. Individual deposits fell. The state banks had to contract to a proportionate degree; the suffering occasioned by the decrease of banking facilities must have been extreme. During this period the Bank was placed in a position of great strength, which is evidenced by the fact that its notes were not only undepreciated but in some parts of the country were at a premium. "While the Bank placed itself in an impregnable position, the country suffering bitterly."¹⁸ Money was scarce and loan rates went to 18 per cent per annum. Workers were discharged in large numbers, wages went down and real estate declined in value.

By May 1834 the panic peaked, then began to diminish slowly. In July the Bank greatly ceased its contraction and money became more plentiful. "The enormous reductions made by the Bank were certainly in excess of any possible danger, and were continued long after any such danger threatened."¹⁹ Biddle and the

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board of directors had hoped by putting pressure on the government and the country that they would secure a new charter. Despite the advice of many friends, Biddle had insisted on continuing the contraction. He said, "This worthy President thinks that because he has scalped Indians and imprisoned Judges, he is to have his way with the Bank. He is mistaken." This shows that he was not only concerned with the safety of the Bank but with getting the better of the President also.

With the elections of 1834 Biddle hoped enough Congressmen who supported him would be elected to override another Presidential veto, but it did not happen. Jackson remained as adamant as ever to destroy the Bank. The debate and conflicting feelings continued throughout 1835-1836. The Bank began liquidation knowing that the days of its role as Second Bank of the United States were numbered. Biddle wrote in August 1836, "The Bank is winding up its affairs quietly and certainly. The nature of its operations which consist mainly in selling out its debts on long credits, is calculated to ease the debtors, and our great object is to close in such a manner as to avoid all pressure."²⁰

The affairs of the Bank were in good order. The surplus in excess of all losses was \$6,155,177, after expiration of its charter. The Bank was both solvent and prosperous. The capital stock and the funds due stockholders totalled \$70,500,000. Specie on hand was \$5,595,000. At this point it would have been wise to discontinue business altogether but the idea of a Pennsylvania charter took hold. The closing preparations stopped and in February 1837 the Bank was chartered by the State of Pennsylvania and was now called the Bank of the United States of Pennsylvania. Biddle remained as president until March 1839. The bank suffered severely in the panic of 1837 and failed altogether in a subsequent depression; after its rich and prosperous life its closing days were poor.

There was a remarkable development in banking techniques in the sixty years that elapsed between the incorporation of

the First Bank in the United States and the failure of the Second Bank. The economy was provided with a sound currency and ample credit. There is no doubt that the Second Bank needed curbing as it concentrated too much power in private hands; this power could be and was somewhat misused—it could inflict economic havoc at will. It did not deserve to die needlessly. In abolishing an efficient central banking system, the administration should have substituted another to provide the country with adequate currency and credit. The U.S. was transformed from a financially great economy into a nation of unsound finance in the years which followed the end of the Second Bank of the United States.

¹⁶R.C.H. Catterall. *The Second Bank of the United States*. (Chicago: University of Chicago Press, 1902), p. 286.

¹⁷P. Studenski and H.E. Krooss. *Financial History of the United States*. (New York: McGraw Hill Book Co., Inc., 1952), p. 106.

¹⁸Catterall, p. 326.

¹⁹Ibid. p. 329.

²⁰Ibid., p. 368.

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From the certificate of The Maritime Association of the Port of New York, organized Feb. 1, 1873.

George Wait Revere Engravings



The obituary notices of Paul Revere in 1818 made no mention of his outstanding career as a silversmith and engraver. Over forty years later he achieved recognition in a poem by Longfellow, not for his professions, but for his uncompleted midnight ride warning the populace of the coming of the English Army! His newly acquired fame set off a country-wide investigation into his background and an urge to attribute various engravings to him. While most attributions are well documented, some are questionable, such as:

(1) In 1775, Paul Revere engraved regular Massachusetts notes depicting an American with raised sword in one hand and the Magna Charta or Independence in the other. These "Sword in Hand" notes are linked to Revere in the minds of collectors, hence the Massachusetts Treasury Notes issued in 1777 for various purposes and bearing a similar seal, are often offered for sale as Revere engravings. Clarence S. Brigham, former Director of the American Antiquarian Society, who studied Revere engravings for forty years stated in his authoritative book "Paul Revere's Engravings" that these notes positively were engraved by Nathaniel Hurd. He based his case on the records of the Massachusetts colony, the style of engraving, the fact that Revere was more or less in the army from 1776 to 1780, and finally, that the borders were copied exactly from a 1769 Hurd note in the Society's collection.

(2) There are many published statements that Revere engraved the first Continental Currency. Apparently, these were based on the writings of B.J. Lossing. However, William Dunlap, in an earlier

(1834) book states that James Smither engraved those plates. Because Dunlap lived through the Revolutionary period and knew most of the engravers his statement is probably factual. Smither was located in Philadelphia, site of the Continental Congress, and it seems logical that in those days when communications and travel were slow, that the Currency Committee, which included two Pennsylvanians (Franklin and Wilson) would choose a qualified local engraver. Furthermore, Clarence Brigham, a recognized authority on Revere engravings, stated that the style of engraving of the first Continental Currency is completely different from anything done by Revere. Eric Newman, possibly today's most thorough researcher in paper money, and author of "The Early Paper Money of America" agrees that Smither did the job.



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Partial view of Smythe Auction 3.



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Aerial view of new Smythe offices taken from firm's helicopter.



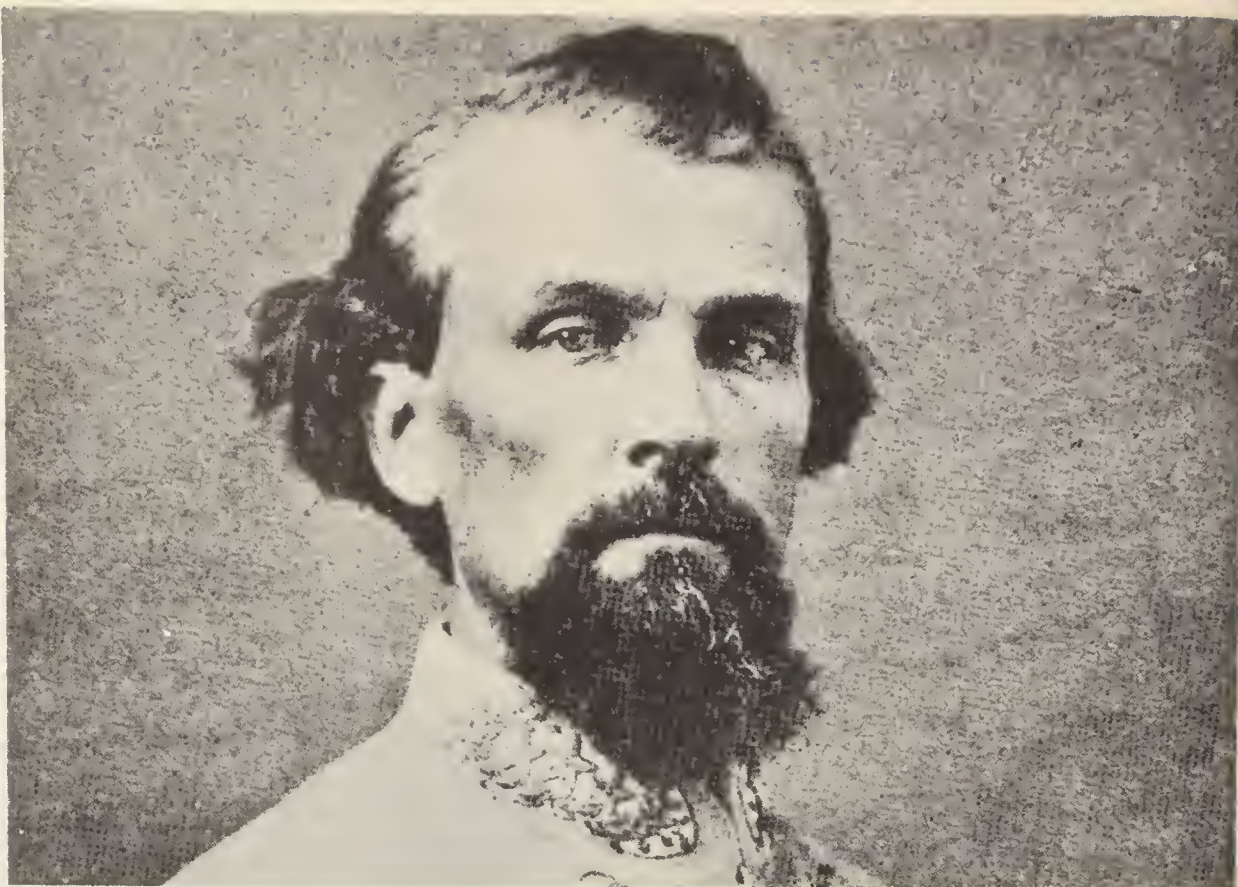
View in front of Bob Kluge's table at Bourse 3.



See page 29 for actual captions.



Petty cash delivery to R. M. Smythe & Co., Inc.



NATHAN BEDFORD FORREST
1821–1877

*T*he signature of this controversial Confederate general appears as President of the Selma, Marion and Memphis Railroad. Forrest was the son of a Tennessee blacksmith who died when Nathan was sixteen, leaving the teenager with the responsibility of supporting a large family. In the years before the Civil War, the energetic Forrest amassed a considerable fortune as a cotton planter, real estate broker, horse and cattle dealer and, eager not to overlook any profitable commodity—a slave trader.

When the Rebellion broke out, the aggressive trader enlisted as a private but was commissioned a lieutenant colonel within four months. He became famous for executing daring raids in Mississippi, Tennessee, Alabama and Georgia, often against forces considerably superior in number. In February, 1865, Forrest was promoted to lieutenant general. An advocate of personal combat, General Forrest was always in the thick of the battle and it is reported that twenty nine horses were shot from under him. It is claimed that the Yankee-hater bragged "I have with my own hand killed a man for every horse I lost in the war, and I was a horse ahead at its close."

His relationships with superior as well as junior officers were not always congenial. Jefferson Davis, recognizing his tenacious talents, transferred him out of General Braxton Bragg's command after

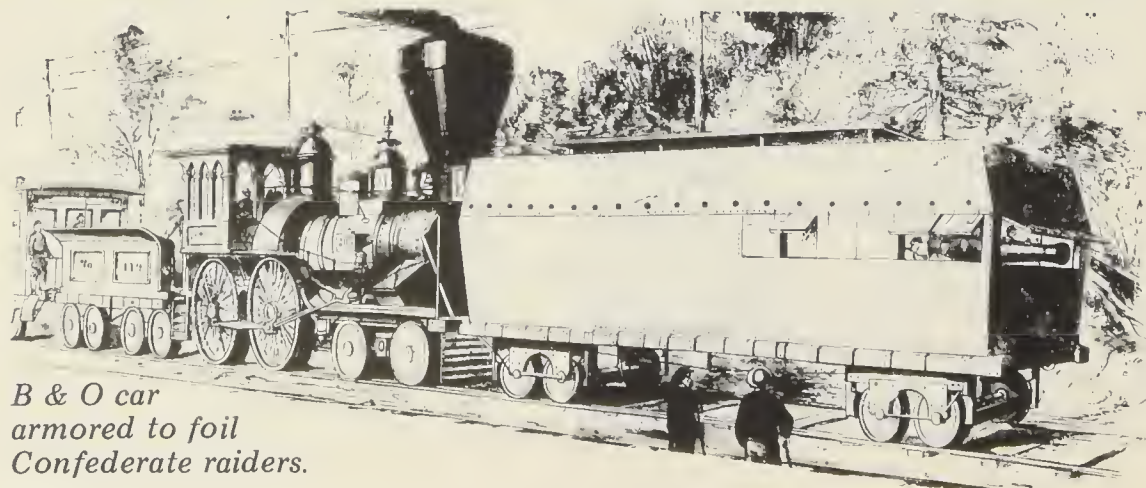
episodes of violence and subordination. One of Forrest's disgruntled junior officers demonstrated his grievance by inflicting what appeared to be a fatal wound. In retaliation, Forrest killed his assailant and managed a surprising recovery, which enabled him to face the enemy again at Chicamauga.

At Tupelo, Forrest was wounded but did not relinquish leadership of the cavalry, commanding his troops from the seat of his buggy. While he was regarded by many as a quiet, mild person, the excitement of war transformed him into a ferocious, maniacal savage.

His capture of Fort Pillow on April 12, 1864 remains a matter of controversy. The large Black garrison was massacred and many historians place the responsibility for this cruel episode on Forrest.

Denied a formal education, Forrest lacked the ability to spell and quaint dialectal expressions peppered his communications. "Mout" was his expression for "might" and "fit" for "fought." At Fort Pillow his dispatch read, "We busted the fort and niner'clock and scatered the n—s (Blacks). The men is still a cillanem in the woods."

After the war he lived in Memphis guiding the affairs of the Selma, Marion & Memphis Railroad to a rocky conclusion. In keeping with his turbulent business and military career, Forrest was a leading organizer of the original Ku Klux Klan, serving as Grand Wizard.



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●		●	●				●								Pre-1920 Documents
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Dealer Profile



GROVER C. CRISWELL

This year marks the 35th year in business for Colonel Grover C. Criswell. When Grover was about eight years old, he and his brother Clarence were given some old Confederate notes that had been in the family for many years, possibly dating back to Grover's two old uncles who had served in the Confederate Army. As the years passed, interest in Confederate money increased and Grover went into the mail order business. The year was 1946 and Grover was twelve. He continued buying and selling coins, paper money and stamps all during the time he attended Florida Military Academy in St. Petersburg, Florida and during his years at The Citadel. Grover's mother, who had been a secretary, encouraged both her sons in the mail order business and indeed handled a great deal of the correspondence and running of the business through the time that Grover graduated in 1955.

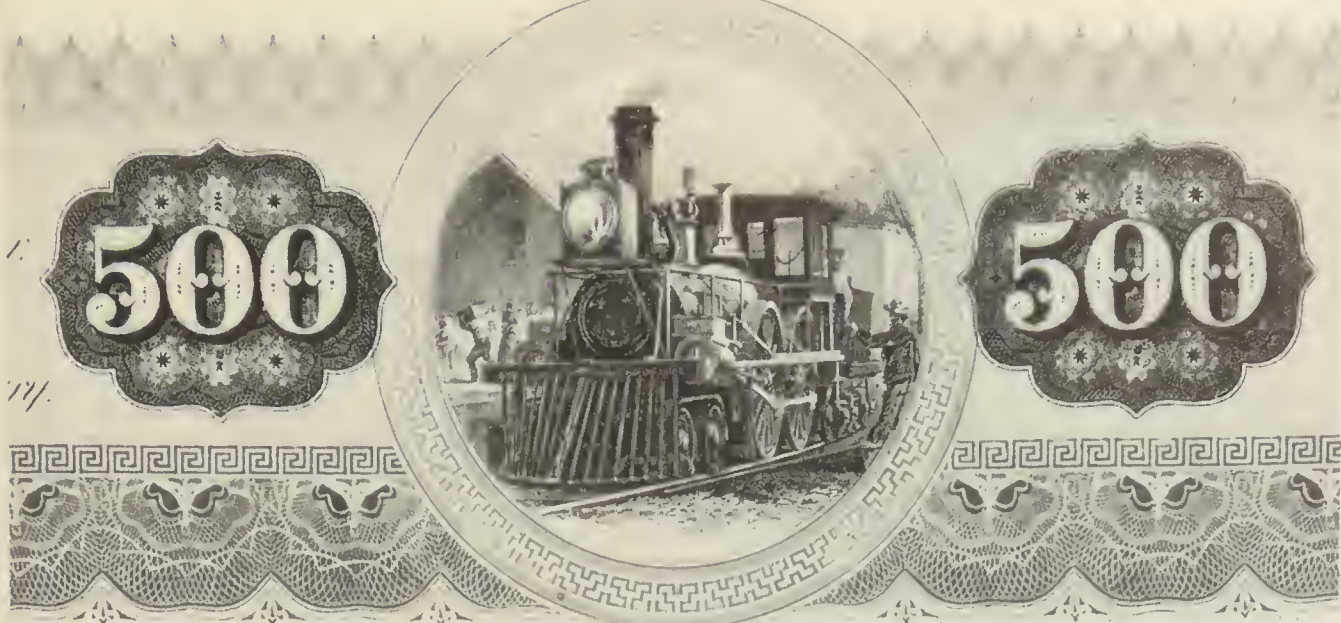
Both brothers developed a keen sense of history and an appreciation for the real, historical and sentimental values involved, so it was not surprising that in their college years the two brothers ferreted out numerous historical items from around the campus and urged their organization into an exhibit, followed by the eventual establishment of a museum. In 1956 the Criswell brothers gave The Citadel its "Touchdown Cannon" and a group of military weapons they had acquired in a trade for an old money collection. Over the years Grover has supported The Citadel museum generously. Items include a letter from C.C. Tew, first honor graduate of The Citadel, as well as numerous pieces of correspondence dealing with the re-opening of the college, the Board of Field Officers and other politicians, after the institution was closed temporarily in 1865.

In 1960, Grover was elected Mayor of St. Petersburg, the twenty-five year old

Criswell then being the youngest Mayor of any major city in the United States. In 1961 he served as President of the County Conference of Mayors. He also found time to be active in the St. Petersburg Coin Club, The St. Petersburg Stamp Club, the Historical Society, Florida United Numismatists, and the Mayors for Kennedy-Johnson Committee. In 1962 he was Democratic nominee for the U.S. House of Representatives in the 12th Congressional District, losing by a narrow margin. Before the smoke of the election battle had cleared, he threw himself back into the numismatic and historical work. Grover has served two terms as President of the Florida state numismatic organization and was elected to the Board of Governors of the American Numismatic Association in 1965. He was re-elected to the Board every two years, and in 1975 was elected vice-president, and then president in 1977.

Grover is a well known speaker, and has lectured extensively for over twenty-five years throughout the U.S., Canada and Mexico. While his subjects have varied widely, his favorite is Confederate paper money, a subject on which he is considered the world's top authority. He is also said to be the world's richest man in Confederate money. He has appeared on radio and television, and much has been written about the Southern Colonel, who resides at Ft. McCoy, Florida on a lake surrounded by the beautiful Ocala National Forest; he is an avid sportsman, and as a hobby raises hunting dogs.

Grover is commissioned as a Kentucky Colonel, and holds this similar high rank from Alabama, the Sons of Confederate Veterans, the Confederate Stamp Alliance and the Confederate High Command. Grover was in the news recently as the purchaser of an interesting lot of Reading Railroad material with which we all wish him much success. We salute you, Colonel Criswell!



Of the fifty or more different certificates included in the Criswell READING RAILROAD lot, some were in quantities of less than 50, namely The Philadelphia & Atlantic City Railroad Company, Beaver Creek Water Company, The National Company and Philadelphia & Yardlyville Railroad Company, while others were available in more generous quantities, like Wildwood & Delaware Bay Short Line Railroad, Wilmington & Northern Railroad Company, and East Pennsylvania Railroad Company, and some were even in very large quantities, like The Reading Company, dating from 1900 to 1950.



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SPECIAL MEETINGS

SEPTEMBER

Members' Auction Friday, Sept. 11, 2 PM
Greater N.Y. Currency Convention
New York Sheraton Hotel
7th Avenue at 55th Street

OCTOBER

Election of Officers Tues., Oct. 13, 7:30 PM
Collectors Club, New York
22 East 35th Street

*Members who have already paid a higher fee for 1981-1982 will receive a \$10 rebate in the near future.

THE JEWISH COLONIAL TRUST

One of the very handsome and historically significant certificates, The Jewish Colonial Trust, has a most interesting story behind it. The organization, founded in 1899 by active Zionists, was the first formal attempt by Jews to create an enterprise to benefit the colonization and development of Palestine.

The founders included many important Jewish men, foremost among them Dr. Theodor Herzl from Vienna, and David Wolffsohn, the first and second presidents of the World Zionist Organization. Share capital of £2,000,000 was divided into 100 Founders shares of £1 each and 1,999,900 Ordinary shares of £1 each. All Ordinary shares originally had coupons at the bottom of the certificate; later these were on separate sheets. The certificate contains text in English and Hebrew, with a few words in German. Handsomely contrived, there are four beige vignettes (one in each corner), of the Western Wall, a farmer sowing seed, a factory scene, and a wharf scene. Printed in blue and black with a red embossed paper seal, the certificate is extremely impressive in appearance.

The first shares were issued in 1900, and most of the certificates are for a very small number of shares. The shares were purchased by over 100,000 people, supporters of the Zionist movement, largely in Russia and Eastern Europe. Consequently, there are many small denomination certificates; only 500 registered shareholders hold more than 25 shares each, and these large size certificates are comparatively rare.

In its early years the Company served as the financial instrument of the Zionist Organization. The political aims of the Zionist Organization proved to be unattainable during the first two decades of the present century, and consequently the Company was not, at that time, in a position to play the part which its Founders had intended for it. Instead it took an active part in the development of Palestine through its subsidiary, The Anglo Palestine Company which functioned as a bank. This company grew slowly over the years, and its name was changed in 1935 to The Anglo-Palestine Bank Limited, which, from small beginnings, had grown into the principal banking organization of Palestine. In 1934, it was decided to discontinue the banking business of the Jewish Colonial Trust, and the Company became a holding company, with almost the whole of its capital being invested in its subsidiary. After the establishment of the State of Israel it was decided that the business of The Anglo-Palestine Bank Limited, Israel's main bank, should be carried on by an Israeli company; Bank Leumi le-Israel B.M. ("the Bank") was incorporated in Israel and acquired the assets and liabilities of The Anglo-Palestine Bank Limited in consideration of the issue to the Jewish Colonial Trust of



securities in the Bank. In 1955 it was considered that the Bank should cease to be controlled by a company incorporated outside Israel and accordingly over 95 per cent of the Trust's holding of securities in the Bank was transferred to a new Israeli company, Otzar Hityashvuth Hayehudim B.M. ("Otzar") in exchange for shares in Otzar which were distributed in specie to the holders of Ordinary shares of the Trust. It was felt that some of the enormous number of then untraced shareholders would gradually come forward to claim their entitlements, upon their immigration to Israel from Eastern Europe. Accordingly, a trust was established in Israel which held shares in Otzar to which untraced shareholders were entitled. Distributions were made to those persons giving satisfactory proof of ownership of the original Ordinary shares in the Trust; they received their Otzar shares as well as accrued dividends. Since 1955, a total of 4,495 people have successfully given proof of ownership and received their entitlements.

In a letter dated May 23, 1980, the Trust announced its intention to maintain itself as an organization, but to pay out the holders of the Ordinary shares with shares of Bank Leumi, at the rate of 19 shares Bank Leumi for each ordinary share. This exchange may be effected, and further, the original Ordinary shares will be returned to the holder. The Bank Leumi shares have a market in Israel about the equivalent of 25 cents per share in early 1981. The address to send certificates to is: The Bank Leumi le-Israel Trust Company, Ltd., P.O. Box 2, Shalom Tower, 9 Ahad Haam Street, Tel Aviv, Israel, Attention: E. Zamir.

This brings the history of this important financial institution up to date. Probably, there are few, if any, companies which in so short a time, have played so important a part to their countries and to their citizens. The information in this report is taken from the letters to holders of Ordinary shares dated September 30, 1955, and May 23, 1980, and from several collectors. We acknowledge this assistance with many thanks.

Iowa

EIGHT PER CENT PREFERRED STOCK

by James S. Leonardo

UNITED STATES OF AMERICA, STATE OF IOWA. Eight Per Cent Preferred Stock. Des Moines River Improvement Construction Stock. This issue, approved February 5, 1851, features the first vignette on an Iowa certificate.

10-1/16 x 17-1/16" certificate engraved by Rawdon, Wright, Hatch & Edson of New York, featuring five gorgeous vignettes (1½ x 2¾" central scene of canal boat, mill and railroad, and 2½ x 1¼" corner figures of farmer, farm maid, Indian chief, and Indian maiden) plus a small plow at bottom, and other embellishments. To the left of the certificate itself are 10 engraved coupons, each representing \$20 six-month interest payments to be redeemed over the five-year period 1852-1856. The certificate is printed on thin, high-quality paper with plate mark showing around the edges of the large 1¼ - ½" out-of-design margins.

Incessant local demands for navigation improvements on the Des Moines River, together with a widespread belief that a simple system of locks and dams could make the river completely navigable up to the Raccoon Forks (present site of city of Des Moines), finally induced Congress on August 8, 1846, to donate to the territory of Iowa alternate sections of land within five miles of the river to finance a construction program.

Construction on the improvement project began in 1848 under a board of public works. The board was fortunate in procuring the services of Samuel R. Curtis as chief engineer, with Messrs. Wells, Jacobs and Hayden as his assistants. The work was vigorously begun and March 1, 1851 set as the deadline for final work bids to be delivered to Engineer Curtis.

At the same time the State of Iowa, experiencing depressed grant-land sales due to the California gold rush emigration, impowered Commissioner Van Antwerp and Register Gillaspay to enter into a financial contract with Bangs Brothers & Company of New York to borrow money for the immediate funding of the river improvement project. The fancy certificates/construction stocks presented here were ordered to aid Bangs Brothers in their fund raising, but they seemed to "drag their feet" and failed to remit funds for completed work. When the State drew on the firm its paper went to protest, and the contract was declared forfeited.

The following letter, received in response to the State's attempt to interest other eastern capital in the enterprise, shows why Bangs Brothers failed in its sales effort, and why the effort that went into the creation of these beautiful certificates was for naught:

Office of Messrs. Duncan, Sherman & Co.,
Bankers, New York, May 27, 1852

Genl. V.P. Van Antwerp,

Com'r Public Works of Iowa,

Dear Sir: In reply to your note of the 24th inst., we beg to observe that, in the various personal interviews we have had the pleasure to have with you, relative to the sale of the "Des Moines River Improvement Certificate of Indebtedness," or "Construction Stock," we have expressed to you our opinion of the impossibility of negotiating a security of that character, carrying with it, as it does, no promise of payment, or pledge of faith, on the part of the State, of the nature of a debt, but a simple obligation on its part, as Trustee, to apply the proceeds of the land, dedicated to that object, and the revenues that may be derived from the proposed works. Such a basis of security we feel sure, will not command enough of confidence to induce capitalists to invest in it; and we are unable to say to you that we see any prospect in the future, such as to afford the least encouragement that securities of this character may be hereafter negotiated.

The inducement of an extravagant rate of interest, such as the certificates referred to present, will not as we think, be strong enough to overcome the doubt which will exist as to their sufficiency and the want of confidence in their being adequate to the prompt payment of



interest, and reimbursement of principal, at maturity.

In view of such an appropriation of the public lands as is suggested by the "Homestead Bill," now pending before Congress, you can not fail to perceive that the chief basis on which your certificates will rest may be rendered very insufficient, and possibly almost valueless.

In view of these facts, the only suggestion we are enabled to make in answer to your request, is to recommend such action on the part of the people and Legislature of your State (if it is their desire to borrow money for the improvements referred to) as will create a direct and constitutional debt, making such provision, if you please, as will set apart the land donated by the government, for the creation of a sinking fund, and pledging the faith of the State of Iowa for the prompt payment of interest and principal.

Such a debt, legitimately created, we have little doubt, could be advantageously negotiated, through proper channels, at a rate of interest not exceeding 6 per cent.

We are, respectfully,

Your obedient servants,

DUNCAN, SHERMAN & CO.

In 1852 Commissioner Van Antwerp presented to the State the alternative of a 25-year contract, with the deeding of all the land remaining under the grant, to Messrs. Page & Bacon, St. Louis bankers, or the issuance of bonds by the State in violation of its non-debt-creating policy. But railroads were in the news, creating

the worry that they might supercede the importance of rivers for transportation. Perplexed, the State appointed an investigating committee, and sat back to ponder the problem at its leisure.

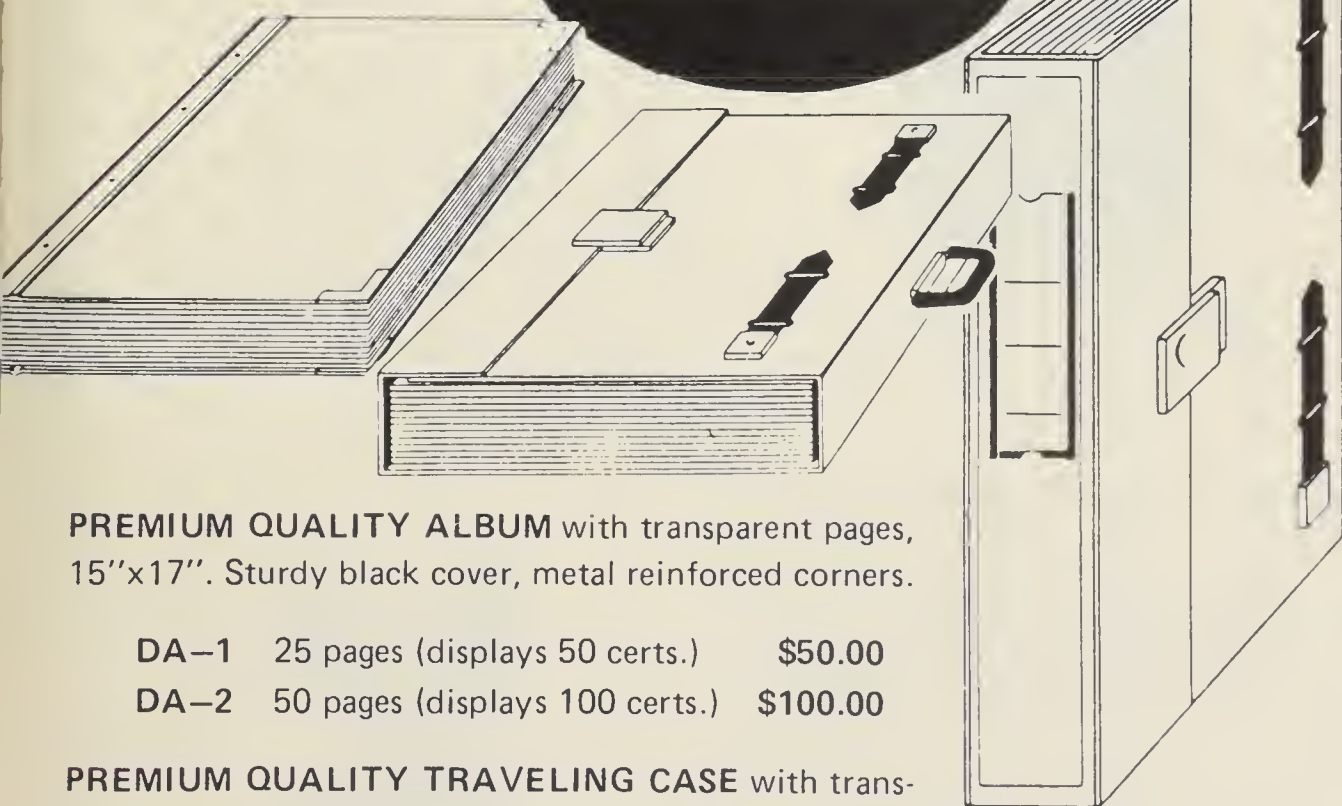
Finally in 1854, the discouraged state legislature contracted with another New York firm, the Des Moines Navigation & Rail Road Company, to complete the enterprise in exchange for all the grant lands not sold by December 23, 1853—the date when all sales were suspended pending the negotiation of the contract. The company proceeded for a while with the project, and during the spring and summer of each year steamboats did frequent the Des Moines River (one ascending as far as Fort Dodge). But the dream of a regular packet boat connection between St. Louis and Des Moines would never be.

The State soon grew dissatisfied with the slow work of the Des Moines Navigation & Rail Road Co. (whose efforts were hampered by the Panic of 1857), and in 1858 cancelled their contract. In the same year the State turned over the remainder of the grant to the Keokuk, Fort Des Moines and Minnesota Railroad. Thus, the dreams of local promoters to make the Des Moines River the central highway of the state were dashed, but the iron horse with its tracks paralleling the river more than compensated for the loss.

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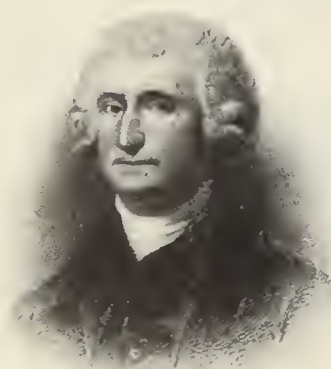
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Financial Signatures

DANIEL SICKLES, 1825-1914. The legal brains in the battle against Jay Gould, monarch of the Erie Railroad. Sickles, a Civil War general, who lost his leg at Gettysburg, lived a gaudy life which biographer W.A. Swanberg titled "Sickles the Incredible." Close friend of five Presidents, diplomat, hero and love-triangle murderer of Francis Scott Key's son, his legal activities made him an important financial figure. Before he turned "cantankerous," in 1852, Sickles obtained Central Park for New York City.



THOMAS WILLING, 1731-1821. Partner with Robert Morris in Willing and Morris, one of the largest mercantile houses in colonial times. First president of the Bank of North America (first chartered bank, 1781), and later first president of the Bank of the United States. Pennsylvania supreme court justice, member of many important patriotic committees, influential Revolutionary War activist and also is to be remembered as father-in-law of Robert Morris.

GALUSHA AARON GROW, 1822-1907. President of the Houston & Great Northern Railroad (1871-75) of Texas, long term Congressman and Speaker of the U.S. House of Representatives, who was active in the presidential campaigns of Polk, Fremont and Lincoln. During his distinguished career in the House, he was an important factor in legislation concerning the Missouri Compromise and the Homestead and Pacific Railroad bills. At the special session of the War Congress in July 1861, Grow was elected to the crucial post of Speaker of the House.



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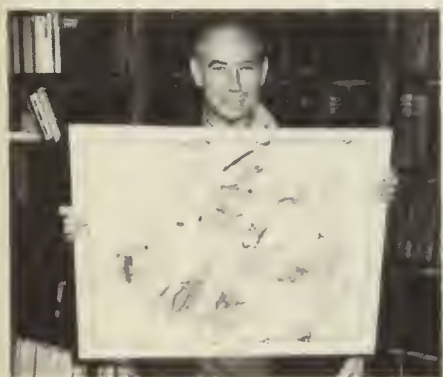
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Walter Steinberg, collector/dealer, has created unusual collages utilizing antique stock and bond certificates. Walter may be coaxed to discuss his art form at meetings of the Bond & Share Society.

Photo by Teresa Skoczylas

FINANCIAL WORD SEARCH

by Sharon Gershgorn

D	I	D	Y	O	C	O	L	T	U	K	D	F	L	A	G	L	E	R	N
R	E	D	E	E	M	A	B	L	E	O	L	L	D	L	E	I	F	W	T
H	E	S	T	A	T	E	O	F	M	I	I	S	U	S	I	N	S	S	I
M	P	P	I	E	U	Q	I	T	N	A	H	H	A	O	S	C	S	T	I
O	L	L	N	O	T	Y	N	O	L	O	C	D	L	O	G	O	S	E	T
R	R	E	V	L	I	S	T	T	L	E	S	D	P	U	L	L	M	A	N
G	C	L	A	A	I	G	P	A	R	C	H	M	E	N	T	N	M	S	R
A	O	R	F	H	N	O	L	N	D	C	T	E	R	S	O	F	S	T	E
N	E	O	I	I	X	D	W	P	E	D	O	C	U	M	E	N	T	N	H
T	R	T	H	C	B	O	E	E	W	O	R	L	D	W	I	D	E	E	T
N	N	S	A	T	R	O	P	R	L	A	N	T	L	E	R	S	B	M	U
A	A	A	R	C	N	K	N	B	B	O	N	D	S	E	A	N	E	N	O
W	D	F	R	I	I	V	E	A	P	I	E	R	C	E	C	T	N	R	S
T	M	I	I	U	S	F	S	I	N	C	L	E	W	S	T	T	E	E	A
S	S	I	M	P	D	F	I	R	M	Z	P	T	I	U	U	G	I	V	D
G	I	L	A	D	L	O	G	T	A	N	A	I	B	O	U	N	B	O	A
A	N	K	N	B	R	A	I	L	R	O	A	D	S	E	O	N	D	G	N
C	O	M	S	T	O	C	K	S	K	E	L	I	R	S	S	U	E	D	A
B	E	D	R	A	O	B	A	E	S	A	C	K	F	O	R	E	T	H	C
E	C	I	V	I	L	W	A	R	B	O	G	R	A	F	S	L	L	E	W

In this puzzle we have hidden the names of thirteen financiers, eleven companies and thirteen terms. Words may be formed vertically, horizontally, diagonally, both up and down. In addition, a sentence will be formed in the remaining spaces.

TERMS: Antique, Certificate, Collection, Document, Firm, Gold, Government, Marks, Parchment, Railroads, Redeemable, Silver, World-wide.

PEOPLE: Astor, Clews, Durant, Field, Flagler, Gould, Harriman, Kreuger, Lincoln, Morgan, Rothschild, Vanderbilt, Washington.

CERTIFICATES: Bald Butte, Bonanza, Canada Southern, Colt, Comstock, Crown, Gila, Old Colony, Pullman, Seaboard, Wells-Fargo.

See page 26 for answer.

CONTINENTAL COMMENTS

by Larry Bogers
*Historische Effecten Antiquariaat
Utrecht, Holland*

A STREETCAR NAMED HELGOLAND

Admire the certificate of the Helgoland Streetcar Company. Love the gorgeous graphics. But do not buy it as a genuine piece: it is fake. The island is so small, you can hardly turn a bike around! There never was a streetcar in Helgoland.

Another jolly item, sometimes seen at auctions, is the Iron Shoe Foundry (a German paper). Sporting a fabulous vignette of an iron shoe in the making. It is a drag!

Summer doldrums are here, though summer is an exaggeration. Prices are holding up well, especially of the spectacular. The Spanish Royal Trade Company paper from 1675, I mentioned last, brought \$2,000 at the George V auction in Paris. One of the more successful

events was the Schlacher auction in Austria. Some 100 buyers saw the piece de resistance spiral to \$900, inclusive costs. An 1849 paper in the "Perpetuum Mobile" company, making self-propelled vehicles. A swindle-piece, like the Poyais. Coupled to the auction was a sale of Jugendstill art, a luscious affair for Mucha lovers et. al. Admirably organized.

TIP: Many beautiful Belgium and French papers have identical twins. There is the regular share, beneficial share, etc., all with exactly the same graphics. The difference is often that one type had an emission of 1,000, while another was printed in the tens of thousands. So if you just want one paper of that company, read the text, and pay much less for the voluminous issue.

OLD, OLDER, OLDEST: We have it at Amsterdam. The oldest nonvaleur known. A share in the Dutch East Indies Company, dated 1606. Owned by the Amsterdam Stock Exchange. Insured for \$400,000. Now, go and take that second look in Granddad's old trunk!

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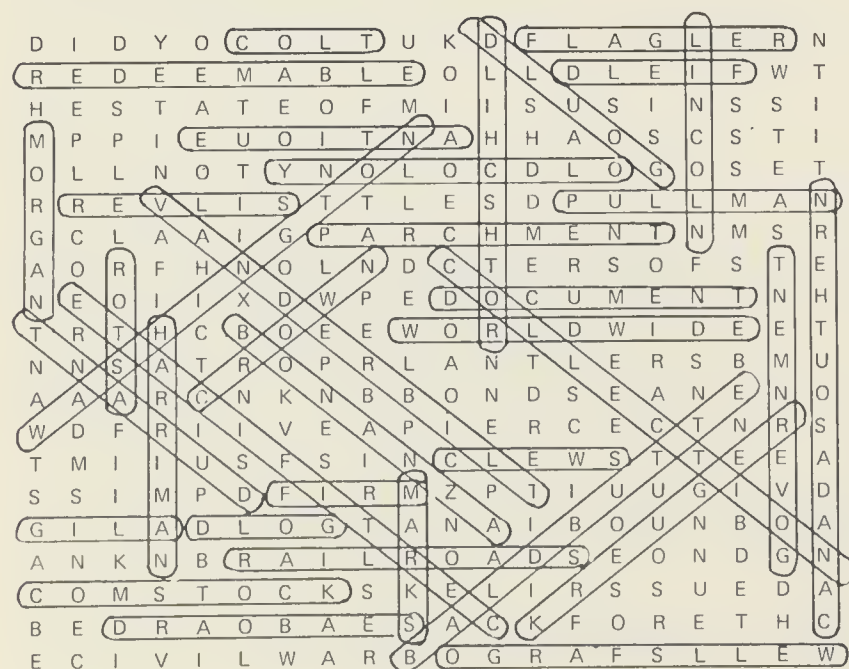
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Financial Word Search (Answers)



QUESTION:

Did you know the State of Mississippi has still not settled claims of holders of six percent Planters' Bank Bonds and five percent Mississippi Union Bank Bonds issued before the Civil War?



*Geoff Metzger (left) of G.K.R. Bonds, Ltd., with
Brian Mills of R. M. Smythe & Co., Ltd.*

BRIAN MILLS WRITES. . .

LETTER FROM LONDON

EARLY ANGLO-AMERICAN LOCOMOTIVE DEALS

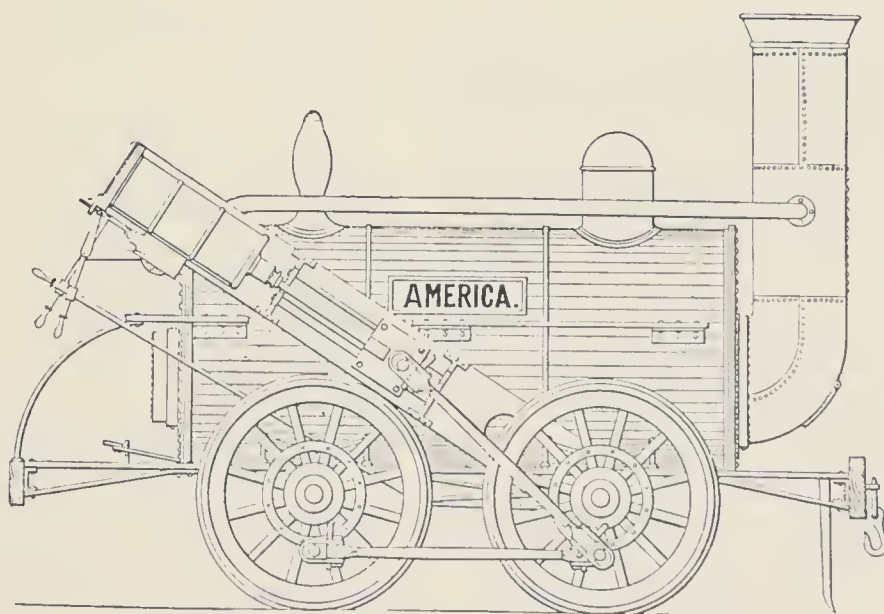
The shipping of locomotives from one side of the Atlantic to the other in the earliest days of railways makes an attractive area for research because of the popularity of American railroad certificates in Europe as well as in the U.S.A. Which of the locomotives in U.S. vignettes were actually built in Europe?

The Englishman Richard Trevithick is regarded as the "father of the locomotive" because of his successful locomotive in 1803. After this, a number of quite successful locomotives were built by various engineers, including George Stephenson's first locomotive in 1814. The opening in 1825 of the first public railway designed to use locomotives, The Stockton & Darlington Railway, stimulated developments in several countries, including the U.S.A. Early in 1828 The Delaware & Hudson Canal Company sent an engineer to England with instructions to obtain information and to purchase rails and four locomotives. One of these was to be the first railroad locomotive in America. The engineer was Horatio Allen, who was later to be president of the Maryland Mining Company, and as such signed their stock certificates; it is not known whether he signed any railroad certificates.

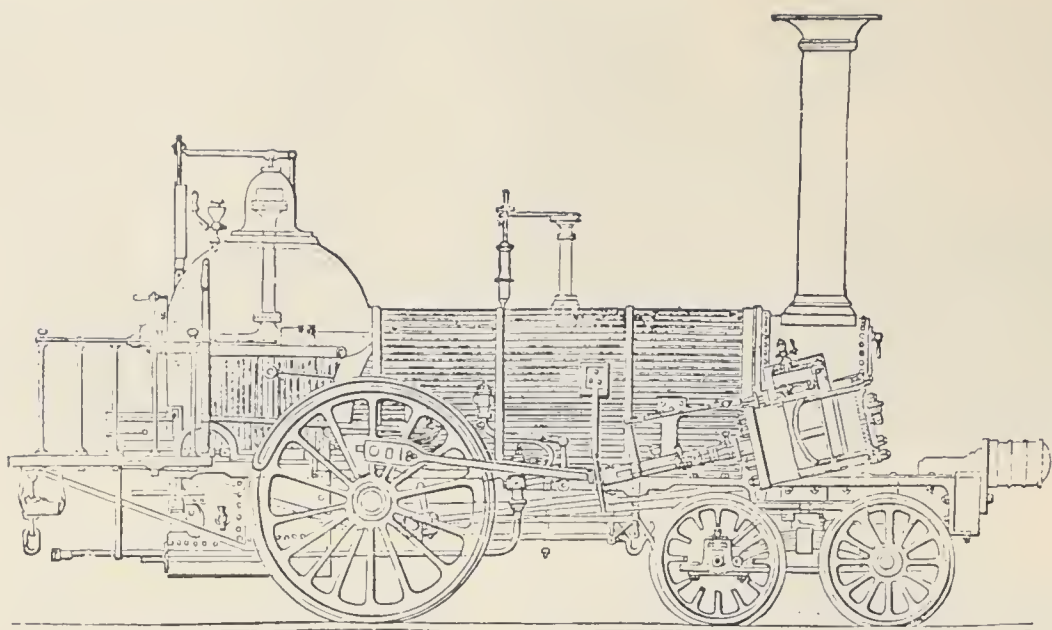
The first locomotive brought to America by Horatio Allen was built by George and Robert Stephenson and it arrived in New York in January 1829. The other three locomotives on Allen's shopping list were ordered from Foster Rastrick & Co. of Stourbridge, England, and the first of these—the "Stourbridge Lion"—arrived in May 1829. There were some delays in preparing the track of the Delaware & Hudson's Railroad, and the first full-scale locomotive run in America took place in August 1829. The driver was Horatio Allen and the locomotive, the "Stourbridge Lion." This proved a hair-raising event for Allen, the engine and the track not being well suited to each other, and the "Lion" was never regarded as a success in the U.S.A.

The second engine to be sent to the U.S.A. by Stephenson & Co. went to the Boston & Providence Railroad in 1829. This was called by the makers "America" or "Whistler." The Stephensons' third U.S. export, probably named the "Robert Fulton," went to the Mohawk & Hudson Railroad in 1831, followed by at least seven more in the same year—for the Camden & Amboy, the Newcastle & Frenchtown, the Baltimore & Susquehanna, the Boston & Worcester (two engines) and two more for the Mohawk & Hudson.

The Stephensons exported at least four more engines to the U.S. in 1832, and in that year three other English engineers delivered engines: Edward Bury of Liverpool, to the Richmond, Fredericksburg & Potomac; Rothwell & Co. of



The First Locomotive for America, 1828.



"Philadelphia," Birmingham and Gloucester Railway, 1840.

Bolton, to the Pontchartrain Railroad and the Petersburg Railroad; and Tayleur & Co. of Warrington, to the Camden & Woodbury. The Petersburg Railroad, by the way, issued in 1833 the first known U.S. railroad coupon bond.

None of these English engines was especially successful in the U.S., being too rigid for the light tracks and tight bends. American engineers began building in 1830-32—E. L. Miller, Baldwin, Horatio Allen—and in 1832 the locomotive engineer of the Mohawk & Hudson, John B. Jervis, built the "Experiment" with a four-wheel bogie ahead of the driving wheels, to cope with the track and its curves. This was a successful and historically important innovation. The following year Stephenson & Co. exported a bogie locomotive "Davy Crocket," to the Saratoga & Schenectady Railroad and this was probably the first English engine to be truly successful on U.S. tracks.

In the period 1831-36 at least 50 of the 152 engines built by Robert Stephenson & Co. were sent to the U.S.; in 1837-

40, none. The U.S.A. had become self-sufficient and British locomotive makers turned to other markets.

The first export to England from an American locomotive builder seems to have taken place in 1840 when the Birmingham & Gloucester Railway Co. ordered no less than eight locomotives from Norris & Co. of Philadelphia. These engines were ordered because English designs were unable to cope with the 1 in 37 Lickey incline on the B. & G.R.'s main line—an amazing piece of planning which was to give continual problems for more than a century. The situation led the American press to say that "the English could build inclines but had to come to America to find locomotives to work them."

References

"The Development of the Locomotive," Clement E. Stratton, 1892.

"Two Essays in Early Locomotive History," C. Dendy Marshall, 1928.

FINANCIAL EPHEMERA

CENTRAL RAILROAD—An Act to Incorporate THE PENNSYLVANIA RR COMPANY, passed April 13, 1846. "North American Printing Office, Philadelphia, 1846, 14 pages. \$ 35.00

Philadelphia's Great North Route. NORTH PENNSYLVANIA RAILROAD to connect Philadelphia with North Pennsylvania, Western New York, The Lakes and Canada West, Large Map. Brown's Steam Power Book, Card, and Job Printing Office, Philadelphia, 1853, 48 pages. \$ 35.00

To the Bondholders of the CENTRAL PACIFIC RAILROAD COMPANY, January, 1873. Published by Fisk & Hatch, Bankers, New York, 20 pages. \$ 27.50

Charter and By-Laws of THE DELAWARE COAL COMPANY, Incorporated April 8, 1833, John C. Clark, Philadelphia, 1834, 18 pages. \$ 27.50

Report of the Board of Managers, of the LEHIGH COAL AND NAVIGATION CO. to the Stockholders, May 7, 1867. John C. Clarke & Son, Printers, Philadelphia, 1867, 46 pages. \$ 45.00

Opinions of Mr. Meredith, Mr. Cuyler and Mr. Crittenden on the constitutionality of the tax imposed by the State of Pennsylvania, on certain tonnage passing over the Pennsylvania Rail Road, 1858, 14 pages. \$ 35.00

Act of Incorporation with Supplements, Letters Patent, and By-Laws of the GERMAN-TOWN PASSENGER RAILWAY COMPANY and the Fairmount Park & Delaware River Passenger Railway Company, with the Ordinances of Councils and General Railroad Law, Philadelphia, 1876, 84 pages. \$ 50.00

THE TELEGRAPH CABLE—Historical view of the Art of Electro-magnetic-telegraphing in connection with The Telegraph Cable and its insulation by Gutta Percha. By George Griscom, Esq. Printers: King & Baird, Philadelphia, 1867, 40 pages. \$ 37.50



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by Robert D. Fisher

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Our private library and records contain information on millions of domestic and foreign corporations. Our files and books of reference on Canadian securities are extensive, and we encourage holders of Canadian securities to use our services. As an example, the following is current information on a Canadian corporation that went out of business in 1953 and unclaimed funds for stockholders still exist. Silversmith Mines Ltd. was incorporated in 1918 under the laws of British Columbia and owned 27 claims (Silver-Lead-Zinc property) at Sandon, B.C. On August 3, 1939 the company recapitalized and its shares were decreased by a 1 for 3 reverse split. The company liquidated in 1953 and a cash distribution was paid to stockholders. The unclaimed and undistributed assets of Silversmith Mines Ltd. were turned over to the Minister of Finance on January 27, 1954 by the liquidator. Stockholders of Silversmith Mines Ltd. who did not receive the cash distribution paid in 1953 should make claim at The Province of British Columbia, Ministry of Finance, Parliament Buildings, Victoria, B.C.

Another Canadian client of ours wrote to us requesting us to investigate his holding of 10 shares common stock of a Canadian company by the name of Peel Elder, Ltd. We searched our Canadian books of reference and found on December 12, 1969 the common stock of the company was split 1.5 for 1 and on July 25, 1973 it was split again 2 for 1. Then on December 5, 1974 the company merged into Hambro Canada, Ltd. and each share of Peel Elder, Ltd. common stock was exchanged for 3 shares Hambro Canada Ltd. preferred stock. In 1978 the preferred shares of Hambro Canada Ltd. were called for redemption at \$4.35 per share. Our clients original holding of 10 shares Peel Elder, Ltd. common was increased by two stock splits to 30 shares common stock which in 1974 was exchangeable for 90 shares Hambro Canada Ltd. preferred stock. Our client was elated to hear that his holding was redeemable for \$441.00 at the office of the Canada Trust Company, at Toronto, Ontario.

Did you hear of a Singapore Block Buster? Recently we received a letter from a man from Singapore which turned into one. The letter we received was from a Mr. M.S. who is employed by a marine drilling company located in Singapore. He said he heard about R. M. Smythe and Co. and wanted us to furnish him with information about some stock of Universal Uranium Company which he bought several years ago at 25 cents per share. We searched and found that Universal Uranium had changed its name in November 1979 to Universal Fuels Company. We found that the company is still in existence, located at Denver, Colorado. Upon checking the stock records, we found that the common stock of the company is traded on the over-the-counter market and is currently quoted at \$5.00 bid. Then we contacted the company's transfer agent who advised us that our client's name appears on the Universal Fuel Company stockholders list as being the current owner of 4,000 shares of its common stock. We were happy to advise our client of our findings and to tell him that his holdings have a current value of \$20,000.



PHOTO FUN

Historic captions for photographs on
page 13:

(A) *An estimated 2500 stockholders attend the 1954 Annual Meeting of the New York Central Railroad.*

(B) *Following a major robbery of an armored truck in Brooklyn, security guard procedures are double-checked. (1934).*

(C) *Aerial view of the U.S. Gold Depository at Fort Knox, Kentucky.*

(D) *Depositors line up at Detroit Bank as withdrawals of 30% are permitted after bank holiday (1933).*

(E) *Money transport arriving with three members of the truck guard coming out with a bag of money. Every move of the guards is executed according to routine. (1934).*



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The American Chapter of the Bond & Share Society held a meeting, organized and chaired by Bob Kluge, at which Haley Garrison described some of the results of his researches into the history of Standard Oil. It was exciting to see the actual stock certificate of the National Transit Company, signed by Henry H. Rogers, which was used in court as evidence in the breaking up of the Standard Oil Trust.

Grateful thanks once more to Mike Crabb and his colleagues in the Memphis Coin Club for all their good work.

* * *

R. M. Smythe will participate in the Frankfurt Auction and Bourse, as well as the Ephemera Society Piccadilly Special, Sunday, November 1 in London. Brian and Bronwen Mills will welcome friends and clients.

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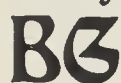
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